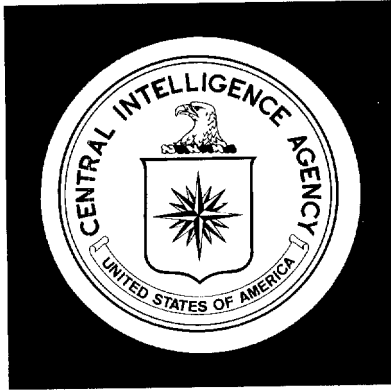


**Page Denied**

Next 1 Page(s) In Document Denied

**Secret**

25X1



# Weekly Summary

STATE DEPARTMENT REVIEW COMPLETED

**Secret**

CI WS 76-018

No. 0018/76

April 30, 1976

Copy

No

61

SECRET



## CONTENTS

April 30, 1976

The WEEKLY SUMMARY, issued every Friday morning by the Office of Current Intelligence, reports and analyzes significant developments of the week through noon on Thursday. It frequently includes material coordinated with or prepared by the Office of Economic Research, the Office of Strategic Research, the Office of Geographic and Cartographic Research, and the Directorate of Science and Technology.

**1 Europe**

Italy; Portugal; Spain;  
Romania

**3 Middle East - Africa**

Lebanon; Rhodesia;  
Egypt-USSR;   
Kenya-Uganda

**5 East Asia - Pacific**

China; Thailand

**5 Western Hemisphere**

Brazil-Angola; Argentina;  
Chile

**7 Vietnam: One Year Later**

**9 Latin American Perceptions of the US**

**11 Namibia: Pretoria's Control to Be Tested**

**15 African-Arab Cooperation**

**17 UNCTAD: Fourth Session to Convene**

Comments and queries on the contents of this publication are welcome. They may be directed to the editor of the Weekly Summary.

SECRET

## Europe

### ITALY

1-4

A month of intense political maneuvering is likely to end this week with the collapse of the Moro government and a decision by President Leone to dissolve parliament and schedule an election.

All that remains is for parliament to complete a debate requested by the Christian Democrats on a series of economic proposals drawn up by the government last week. The debate is scheduled to end with a confidence vote. Moro may step down in advance of the balloting, however, since the Socialists and Social Democrats have already said they will

vote against the government.

The Christian Democrats are still plagued by deep internal differences that center mainly on the question of how to deal with the Communist Party. Christian Democratic conservatives have urged Moro to resign in order to make way for a prime minister from the Christian Democratic right to lead the party into an election. Moro and Christian Democratic leader Zaccagnini, who lead the party left, want to avoid an election, even if it means giving the Communists an indirect role in national policy making.

The decision to hold a parliamentary debate was a compromise between the two sides. It seems likely to give the Christian Democratic right the election it has sought and to leave the party left at the helm of the government, since Moro will probably be asked to stay on in a caretaker status if parliament is dissolved.

The Christian Democrats are ill prepared to face the electorate.

25X1

Communist leader Berlinguer is still unenthusiastic about an early election and wary of the political polarization that the campaign is likely to produce. Party rank and file, however, are urging the leadership to push for an election and to move toward an alliance with the Socialists. The Communist leadership is emphasizing its continued preference for an eventual partnership with the Christian Democrats—the “historic compromise”

25X1



Communist leader Berlinguer meets with the directorate at party headquarters

A?

SECRET

SECRET

5  
PORTUGAL

The legislative election on April 25 did little to chart a clear political course for Portugal and instead injected a new note of uncertainty into Portuguese politics.

The Socialist Party remained the leading vote-getter, but it failed to win sufficient seats in the assembly to enable party leader Mario Soares to form a government without at least some outside support in parliament. The Socialists obtained 35 percent of the vote, a drop of more than 2 percent from their showing in the 1975 election to the constituent assembly.

The Popular Democratic Party came in second with 24 percent of the vote, a drop of 2 percentage points from its showing last year. The party was hurt by the revival of the conservative Social Democratic Center, which doubled its share of the 1975 vote—bringing it to 15.8 percent—by appealing to essentially the same constituency as the Popular Democrats.

The most surprising development was the strong showing of the Communist Party, although it dropped from third to fourth place. The Communist Party appeared to benefit from the lower voter turnout this year as it advanced some two points from its 1975 showing to 14.6 percent of the vote. This reflects, however, the Communists' ability to hold on to part

of the 4.5 percent of the vote received in 1975 by one of its front groups that was not on the ballot this time.

The failure of a clear winner to emerge will complicate efforts to form a government following the presidential election this summer. The Socialists will probably get the nod, but Mario Soares so far is continuing to insist that his party will govern alone or not at all.

The Popular Democrats, the Social Democrats, and the Communists have voiced their claim to a share in the government. With approximately two months to go before a new government is to be installed, there will undoubtedly be a good deal of maneuvering among the four major parties and the military.

25X1  
SPAIN 6-7

Prime Minister Arias' speech to the nation on April 28 was the most detailed presentation of the government's reform program yet, but it will satisfy neither the opposition forces on the left nor the proponents of the status quo on the right.

Responding to pressures from King Juan Carlos and reform-minded ministers, Arias outlined specific reform measures and a timetable for their implementation. His call for a referendum on constitutional reforms by next October

and a general election early in 1977, however, sets a more leisurely pace than reformers like Foreign Minister Areilza had been urging.

The Prime Minister said that all reform measures, except the election law, would be ready for submission to parliament by May 15. These are to include constitutional provisions on monarchical succession and the establishment of a bicameral legislature, with one house freely elected and the other retaining some of the features of the present Cortes. The changes in the legislative and monarchical succession are to be the topics for the referendum. There will also be revisions of the penal code and of laws restricting freedom of assembly and association to legalize non-extremist political parties.

The government's proposal for widening suffrage would be submitted by July 15, according to Arias.

Arias said he trusted the parliament would act on his proposals in time for the King to call the referendum on schedule, an indication that he is concerned over possible rightist obstructionism in the present parliament.

Arias warned that the government's call for expanded political liberties does not extend to extremists on the left or the right who want totalitarianism. This serves as a reaffirmation of the government's stand against legalizing the Communist Party.

25X1

## ROMANIA 11-13

Romanian President Ceausescu, speaking on April 26, used exceptionally strong language to charge that Moscow is twisting Marxist-Leninist doctrine to advance Soviet hegemony in the world communist movement.

The Yugoslavs immediately rebroadcast his speech, describing it as the "official opening of a polemic" against advocates of limited sovereignty—a euphemism for the "Brezhnev Doctrine."

Ceausescu told a congress of Romanian trade unions that certain Marxist-Leninist "philosophers and theoreticians" are denigrating national sovereignty by interpreting "proletarian internationalism" to mean that anyone

who defends his nation's independence violates communist theory.

The Romanian President said this argument is "absolutely erroneous" and contradicts Marxist-Leninist doctrine. Quoting Marx and Engels to support his position, he said the Romanian party and working class are "duty bound" to defend the "freedom of the fatherland."

Ceausescu quoted Lenin to the effect that those who do not aspire to freedom are worthy only of repulsion, indignation, and contempt. He warned the Soviets that they themselves cannot be free if they oppress others and that "true" proletarian internationalism is based on the defense of national sovereignty.

Ceausescu's strident rhetoric—which will not be ignored by the

Kremlin—suggests that Bucharest feels itself under pressure from Moscow. His charges and the prompt Yugoslav commentary clearly reflect the apprehensions of Bucharest and Belgrade over the greater Soviet emphasis on ideological conformity since the recent Soviet party congress and over Moscow's intentions in the Balkans in the post-Tito period.

The Soviets have been steadily criticizing the independent-minded communist parties, specifically those in Western Europe, for falling into the trap of "bourgeois nationalism," and Moscow and its loyal East European allies may use the occasion of the East German Party Congress opening May 18 to address the Romanian challenge.

25X1

SECRET

SECRET

## Middle East- Africa

### LEBANON

Tensions dropped sharply in Lebanon after April 24, when President Franjiyah signed the constitutional amendment that provides for the immediate election of his successor by the parliament. The speaker of parliament has scheduled a vote for May 1, despite a controversy among the Lebanese political factions over the timing and security arrangements for the election. The speaker acted after conferring with the Syrians, who continue trying to promote a political settlement in Lebanon.

Ironically, the strongest protest over holding the election so soon after the promulgation of the constitutional amendment came from the Muslim leftists who originally demanded that a new

president be chosen before May 2 when the present parliament's term would have ended had it not been extended for two years last month. The leftists apparently want more time to consider their strategy and have intimated they may boycott the scheduled session.

The top contenders to replace Franjiyah—Ilyas Sarkis, the choice of the conservative Christians and the Syrians, and Raymond Edde, the favorite of the Lebanese left—have campaigned for support throughout the week. Leftist leader Kamal Jumblatt and other anti-Syrian deputies object to Sarkis because of his close ties to Damascus. Edde has offended the Syrians and faces stiff opposition from conservative Christians who resent his calls for secularizing the government and his sympathetic attitude toward the Palestinians.

If neither Edde nor Sarkis is able to win over his major opposition, the race will be open to a host of weaker candidates. The parliamentary session might then turn into a prolonged debate that could upset

the shaky cease-fire in Beirut.

The haphazard security arrangements for the brief parliamentary meeting earlier this month that passed the constitutional change proved how quickly security can collapse if left in the hands of the rival militias and the remnants of the Lebanese army. Similar patchwork arrangements have apparently been made for the May 1 session, although the 25X1  
Syrians have hinted that their forces in Beirut can guarantee the safety of the deputies.

### RHODESIA

Rhodesian Prime Minister Ian Smith announced on April 27 that he is bringing ten blacks into his government. Four tribal chiefs were to be sworn in the next day as full cabinet members, and six deputy ministers will soon be appointed from among Rhodesia's black businessmen and professionals.

Smith apparently hopes to offset the

## POSSIBLE CANDIDATES FOR LEBANESE PRESIDENCY

The speaker of Lebanon's parliament has announced that a new presidential election will be held Saturday, May 1. The following reviews the possible presidential candidates.

**Ilyas Sarkis**, the governor of the central bank, has strong backing from the Syrians, the Phalanges Party, and President Franjiyah and recently received endorsement from Prime Minister Karami. Sarkis does not have an independent power base in parliament like his chief rivals and will probably run into considerable trouble if the voting goes beyond a first or second ballot. Sarkis' greatest liability is that leftist leader Kamal Jumblatt and Palestinian leaders object to his close ties with the Syrians. His liberal attitude toward social reform, however, might sway Jumblatt to accept his candidacy.

**Raymond Edde**, leader of Lebanon's third largest Christian party, has gained favor with Jumblatt and the leftists by advocating an end to confessionalism in government, including the Maronite Christian hold on the presidency. Edde's maverick position has antagonized many conservative Christians and raised doubts that he would provide responsible leadership. The Syrians adamantly opposed him because of his public denunciation of their efforts to bring about a cease-fire in January. President Franjiyah, who fears that Edde might use the presidency to discredit him, reportedly has threatened not to resign if Edde is elected.

**Edward Hunayn**, a parliamentary deputy and member of Edde's party, has been mentioned by the conservative Christians as a fallback candidate. Hunayn has close ties with important Christian leaders but apparently has not been involved in the rivalry and petty feuding among them. He has generally taken a moderate course in the dispute between Muslims and Christians and has actively worked for reconciliation during the recent civil strife.

**Pierre Edde**, the younger brother of Raymond Edde and a respected figure in his own right, has been mentioned as a possible alternative to his brother. Although Edde has served in both the cabinet and parliament, he is a less controversial politician than his brother and could attract support from the same quarters without inciting the same dislike.

**Jean Aziz**, also a former deputy and cabinet minister, reportedly is on Jumblatt's list of possible compromise candidates. Aziz does not have any significant support among conservative Christians but apparently would be acceptable to them. He is from one of the few mixed Christian-Muslim areas in southern Lebanon and has carefully protected his home district from the recent civil strife.

**Pierre Hilu**, a deputy and former minister, is considered a front-runner among the compromise candidates mainly because of his close connections with Jumblatt. He is the cousin of former president Charles Hilu which gives him automatic prominence in Lebanese circles although apparently not enough to make him a serious contender.

**Michel al-Khouri**, the son of a former president and an adviser to President Franjiyah, has been mentioned by the Christians in their general casting about for candidates. His close association with Franjiyah, however, would almost certainly make him an unacceptable figure for the leftists.

**General Hanna Said**, commander in chief of the Lebanese Army, is not a participant in the campaign but is being considered as a possible nominee should parliament reach an impasse. He has generally tried to play a moderating role during the crisis and has been able to maintain the respect of many Muslims.

SECRET

25X1

SECRET

25X1

collapse last month of his constitutional settlement negotiations with Joshua Nkomo, one of the rival leaders of the divided African National Council.

Nkomo had demanded immediate parity between blacks and whites in top executive positions and elections within a year under a broadened franchise that would put a black majority in the Rhodesian parliament. Nkomo told the press—and Smith has not denied it—that Smith's best franchise offer would have postponed majority rule for at least ten years.

Smith's token measures toward "power sharing" are not likely to win over Rhodesia's urban blacks, who have supported Nkomo, nor to deter foreign backing for the Rhodesian guerrillas, who have recently stepped up incursions from bases in Mozambique.

Nevertheless, Smith's announcement, following a closed caucus of the ruling Rhodesian Front Party, suggests that he has succeeded once again in asserting his unrivalled influence over Rhodesia's beleaguered white community. He has apparently faced down the sizable faction within his party that reportedly opposed even such token measures. He also may have reassured the relatively few white moderates who hope that some accommodation of black aspirations might at least stem the growth of insurgency.

EGYPT-USSR

22-24

Egypt and the USSR signed their 1976 trade protocol on April 28 despite political differences and Egypt's cancellation of the friendship treaty.

The new protocol calls for a third less trade in 1976 (\$642 million) than in 1975 and allows for an Egyptian trade surplus of \$142 million to be used to reduce Egypt's large debt with the USSR.

Discussions also were initiated on a new long-term trade agreement to replace the current one that expires this year.

Egypt's request for, and the Soviets' agreement to, a visit to Moscow by

Egypt's foreign trade minister underlines the recognition by both sides that they would lose from a break in economic relations. Moscow is aware that an open break would foreclose the possibility of collecting on Egypt's outstanding economic and military debt, the largest with the USSR by a third-world country.

A severance of economic relations would also hurt Egypt. The Soviets are providing aid to expand the Hulwan steel mill—Egypt's only integrated steel complex—and the Naja Hammadi aluminum plant. These enterprises have absorbed more than a quarter of Moscow's \$1.4 billion of development assistance.

It would be equally costly for Cairo to terminate its trade arrangements with the Soviets. Egypt's current exports to the USSR consist mainly of cotton and low-quality consumer goods. These goods would bring much less on world markets than the more than \$500 million paid by the Soviets on bilateral account. Additional Western credits would be needed to pay for the essential goods Egypt now imports from the USSR, such as coking coal, jet fuel, and scrap iron.

Although Cairo will probably phase out the Soviet presence, no overt steps have yet been taken to reduce the level or character of the economic relationship beyond the expulsion last week of five Soviets from the Hulwan steel mill for an alleged "slowdown." Most of the 1,800 Soviet technicians assigned to economic projects in Egypt will probably remain until their contracts expire or projects under way are completed.

KENYA-UGANDA

38-91

New threats against Kenya by Ugandan President Amin are certain to heighten fears in Nairobi about Kampala's military intentions.

According to a Ugandan radio broadcast on April 27, Amin is "seriously concerned" about a report he allegedly received from a Kenyan official that Secretary Kissinger advised Nairobi to withdraw from the East African Community "so the US could give Kenya full military assistance."

Amin is quoted as saying he cannot act as long as he serves as chairman of the Organization of African Unity but that he would "return to the barracks" when his term expires in July.

Relations between Kenya and Uganda have been seriously strained in the last few months as a result of Amin's announced territorial claims against Kenya, Nairobi's imposition of economic restrictions on Kampala, and several cross-border forays by Uganda in early April.

Although Amin has voiced measured approval of the Secretary's policy statement in Zambia this week, the Ugandan President has been generally critical of Kissinger's African trip. He apparently is angry that Kampala was not included in the itinerary; the US embassy in Kampala was closed in 1973.

His anger was probably compounded by the Secretary's well-publicized visits with Kenyan President Kenyatta and Tanzanian President Nyerere, another neighbor with whom Amin has sharp differences.

25X1

SECRET

25X1

SECRET

## East Asia-Pacific

### CHINA

The criticism of Teng Hsiao-ping has aroused widespread dissatisfaction and bitterness in China. This was evident in the party's higher echelons when Teng's staunchest supporters failed to join the rest of the leadership earlier this week at a reception denouncing the demonstrations in Peking of April 5.

Some lower level officials in China and Chinese officials abroad have been willing to speak frankly about Chinese domestic politics with foreigners—a departure from attitudes that have prevailed for decades. Even more startling, a number of officials are willing to criticize Mao Tse-tung.

From the beginning of the anti-Teng campaign, many Chinese have pointed a finger at Mao, calling him “selfish” and “senile.” Since Teng's fall, criticism of Mao has increased. Chinese diplomats have spoken candidly of Mao's diminishing political influence, and one even suggested that Mao ought to step down. In January, after the initial move against Teng, criticism of the Chairman reportedly surfaced for the first time in the party central committee.

There seems little doubt that Mao's political stock has fallen and that many Chinese blame Mao for the latest leadership upheaval. Current criticism of the Chairman seems greater than that which surfaced in the early 1960s and is different in that it is expressed openly, rather than indirectly as was the case in the 1960s.

Since Teng was blocked from the premiership in early February, there has been widespread and sometimes outspoken support for him and the policies he and the late Chou En-lai represented. Some of the discontent over his treatment abated in March, when the attacks on Teng seemed to have stalled, but it rose again rapidly after the demonstrations in

Peking and Teng's subsequent dismissal. Teng may be more popular today than before the campaign against him began. Many Chinese have commented that the charges against him are false and that he is a capable official who was treated unfairly.

### THAILAND

The Seni Pramot coalition is expected to win a parliamentary vote of confidence soon. The new government, with a comfortable majority of over 60 seats, should be more stable than the Khukrit government it replaces.



Seni Pramot

AP

The Prime Minister's Democrat Party has a dominant position within the coalition. Seni's principal problem is expected to be Praman Adireksan, the ambitious leader of the coalition partner, the Thai Nation Party. Praman is both a deputy prime minister and minister of agriculture, and many members of the coalition distrust him because of his political maneuvering earlier this year and his more recent manipulation of army officer assignments just before he stepped down as defense minister.

Seni and his foreign minister, Phichai Rattakun, hope to fashion a foreign

policy that will include some balance in Thailand's relations with the US, China, and the USSR.

Both men have expressed concern over the Khukrit government's handling of the negotiations for a residual US presence and view continuation of US military aid as important to Thailand's security. They have indicated an interest in reopening the negotiations on one or two facilities currently scheduled for closure and have made it clear that they want to tie any possible new agreement to a guarantee of a significant increase in US military assistance.

## Western Hemisphere

### BRAZIL-ANGOLA

Brazil's decision to recognize the Popular Movement for the Liberation of Angola on the day the African territory became independent appears to be paying off in economic terms.

The Brazilian press recently reported the return of a prospecting team from Angola and said that the Brazilian government had informed the Angolans that it is interested in purchasing as much oil as possible.

Other commercial deals may be in the

SECRET



SECRET

25X1  
25X1

25X1

offing.

economic recovery in the industrial nations.

The new farm program will complicate the problem of reducing Argentina's large fiscal deficit. Eliminating government marketing monopolies and reducing agricultural export taxes will cut revenues sharply and force the government to seek other sources of income.

Past efforts to organize an opposition front have faltered because of the same rivalries and quarreling that weakened Allende's administration. Exile successes seem limited to promoting international censure of the junta.

The exiles probably hope to attract dissidents of the Christian Democratic Party, many of whom have become disillusioned with the growing atrophy of the party and expect no early end to the political moratorium imposed by the military government. The exiles are apparently also counting on picking up the pieces of the extremist Movement of the Revolutionary Left, the major target of Chilean security forces.

25X1

The decision to recognize the Popular Movement was made over the protest of conservatives in the military. In addition to the economic benefits, the move has helped to dispel African resentment of Brazil's past support of Portuguese colonialism.

CHILE

65-67<sup>25X1</sup>

Left-wing Chilean exiles plan to convene in Mexico in mid-May to create a unified revolutionary movement. Their immediate objective may be to consider ways to embarrass the Chilean government when it plays host to the OAS General Assembly meeting in early June.

ARGENTINA

62-64<sup>25X1</sup>

The Argentine military government is undertaking a sweeping program to raise farm income. It regards improvement in agriculture as the basis for long-term economic growth and as a source of foreign exchange to meet the country's huge financial obligations.

The government has reversed a number of Peronist agricultural policies that kept returns to farmers low and discouraged agricultural investment. This has permitted the government to siphon off profits—through state grain- and meat-marketing monopolies—and subsidize food prices for urban workers.

The new measures, some already in operation, raise farm prices and eliminate the government marketing monopolies. They also provide for more favorable foreign exchange rates on the proceeds from agricultural exports and will gradually reduce agricultural export taxes. Although too late to influence the harvest this year, the new program will stimulate meat production and should lead to increased planting of crops next year, especially wheat and oilseeds.

Marketing a larger grain harvest should be easy, but a higher beef output may be harder to sell. Loss of the EC market because of EC import restrictions was chiefly responsible for the \$500-million drop in Argentine meat sales last year. Sales are recovering, however, along with



Chilean exile leaders Clodomiro Almeyda (l) and Gaston Rodriguez Rojas

CAMERA  
Press

SECRET

**SECRET**

*The basic elements of Hanoi's postwar foreign policy are beginning to take shape. A unified Vietnam will insist on an influential role for itself in Southeast Asia. It will seek help from France, Japan, and elsewhere in its effort to avoid unnecessary dependence on the USSR or China.*

68

## Vietnam: One Year Later

25X1

The Vietnamese communists have held to a fairly low foreign policy profile in the year since their victory in the south. The other Southeast Asian nations, which had feared that Hanoi would adopt an aggressive posture toward the rest of the region, have become more relaxed in recent months.

Although there are several insurgencies active in the region and Vietnam has ample arms to send them, every security service in the area is watching arms shipments closely and, so far, not a single report of shipments from Vietnam has been verified.

There seem to be three principal reasons for Hanoi's restrained foreign policy behavior during the past year:

- It is giving first priority to putting its own house in order.
- Its foreign policy objectives just now are limited.
- It is working out a basically new, long-term foreign policy.

### **Domestic Priorities First**

Hanoi's first priority is to consolidate its control of the south. The communists are aware of the widespread opposition to their take-over in the south and are determined to indoctrinate or eliminate all Vietnamese who have opposed them.

In the field of economic reform, party leaders are proceeding at a deliberate pace. Their pragmatic approach appears aimed at avoiding the kind of powerful anti-regime reaction that occurred in the

north in 1956 against forced collectivization of agriculture.

The regime gradually took control of banking and currency, large enterprises, foreign trade, and the vital wholesale rice transport system. Last fall Hanoi prescribed a mixed economy for the south ranging from state-owned major enterprises to privately owned small businesses. The bulk of rice production in the south is still in the hands of small private farmers. Collectivization of agriculture has taken place only in areas long held by the communists and in "new economic areas" settled by urban emigrants.

Hanoi is aware that harsh measures to merge two disparate economic and social systems would not only have highly disruptive effects in the south but would exceed the party's administrative capacities. Party leaders, therefore, apparently are prepared to tolerate major north-south differences in economic organization for some years.

Hanoi's objective is to free itself of dependence on Soviet and Chinese aid, with the help of France, Japan, and others.

### **Immediate Objectives Limited**

For Hanoi, the victory of the Vietnamese communists was a turning point in the history of Southeast Asia, and Hanoi's foreign policy is based on its perception of that victory and its implications. The Vietnamese communist leadership doubtless believes that, at a

minimum, the new Vietnam deserves unquestioning respect from Laos and Cambodia as the pre-eminent power in Indochina. Beyond Indochina, the Vietnamese clearly feel they are entitled to respectful cooperation from the other nations of Southeast Asia, particularly from Thailand.

Vietnam's main foreign policy effort in Southeast Asia has been to press Thailand to rid itself of US bases and to discredit the Association of Southeast Asian Nations as a US-backed alliance that invites great power intervention in the area. The Vietnamese clearly are thinking ahead to a time when they may take a leading role in the region.

Hanoi has given a high priority to bringing Thailand to terms, since the Thai were the most conspicuous Southeast Asian ally of the US in the fight to prevent a communist take-over in South Vietnam.

Vietnam's outspoken attacks on the Thai-US connection, together with the shifting balance of forces in Southeast Asia, undoubtedly helped to bring home to the Thai that it was time to put their foreign policy on a new footing. The Thai were also motivated by their own sense of nationalism, and by election campaign politics, when they decided recently that the remaining US presence must be withdrawn. Whatever the immediate cause for the US withdrawal, Hanoi clearly welcomes it, and it has been muting its tirades against Bangkok in the

**SECRET**

SECRET



*Le Duan during talks last October with Soviet General Secretary Brezhnev*

Sov FOTO

hope that the new Thai government will continue to put more distance between itself and the US.

Hanoi's strong condemnation of ASEAN when the organization held its summit meeting in Bali in February caused more bewilderment and resentment than fear in the five ASEAN capitals—Bangkok, Manila, Jakarta, Singapore, and Kuala Lumpur. The Vietnamese clearly regard ASEAN as a relic of the anticommunist war effort. Their early interest in developing relations with Thailand and the Philippines and their recent overture to Indonesia, however, suggest that hostility toward ASEAN will not deter Hanoi from developing better relations with the five member states.

#### **Independence in the Communist World**

North Vietnam was dependent on Chinese and Soviet support throughout the war years but even so managed to play the two communist powers off against each other.

Now, as Vietnam seeks to end the relative isolation of the war years, the balance has tilted toward Moscow. The basic relationship with Peking is one of limited tension; Moscow now provides substantially greater political and material support.

Underlying the tension between China and Vietnam is a conflict in national-ethnic-cultural pride. China's sense of superiority has for more than 2,000 years caused the Chinese to expect all other peoples to come to them. As

Western power recedes from Southeast Asia, Peking inevitably thinks it should exercise the most important foreign influence in the region.

The peoples who migrated south from China and became Vietnamese many centuries ago brought with them a similar ethnic-cultural arrogance. Today, in the wake of their victory, the men who make Vietnamese communist policy believe that Vietnam should wield the most important influence over the countries of Southeast Asia.

Hanoi, moreover, is earning Peking's distrust because of its good relations with Moscow. Peking can hardly welcome the prospect of Vietnam taking a leadership role in Southeast Asia if Vietnam and the USSR seem to be working closely together there.

The conflict and distrust between Vietnam and China can be seen all around Vietnam.

**To the east,** in the South China Sea, the two governments assert conflicting claims to the Paracel and Spratly islands. China made a special point of underscoring these conflicting claims in its propaganda on the eve of a visit to Peking last September by party chief Le Duan. Each government is deeply offended by the presumption of the other.

**In Cambodia,** within weeks of the fall of Phnom Penh, clashes erupted between communist forces of Vietnam and Cambodia along disputed sections of the border, Vietnamese forces captured some

disputed islands in the Gulf of Thailand from the Cambodians, and the new rulers of Cambodia asked the Vietnamese communists to get out of their long-established base areas in Cambodian territory.

During this somewhat tense period, scores of Chinese suddenly began appearing in Cambodia. The Chinese, the only substantial foreign group there, were presumably sent to provide practical assistance of various kinds to the new government, but their presence was and remains most important as proof of Peking's support to the Cambodians.

Today Hanoi has representation in Phnom Penh, but there are few hints of any sort of a cooperative relationship. The Cambodians, with direct encouragement from the Chinese, have taken steps to improve their relations with the Thai, a policy at odds with Hanoi's firm position that Thailand must expel the remaining US military presence before any improvement can be made in relations with Thailand.

**In Thailand,** a Chinese connection has also helped Bangkok stand up to Hanoi. After the fall of Saigon, Hanoi, confident that the Thai would quickly come to terms, demanded that the aircraft and ships taken to Thailand in the last days of the war be turned over to the victors.

The Thai refused with some apprehension, but after Prime Minister Khukrit returned from Peking he was clearly more relaxed about Vietnamese demands, and Hanoi drew the obvious conclusion: the Chinese had encouraged Khukrit to stand up to Vietnamese pressures.

**In Laos,** too, there is an adversary relationship between the Vietnamese and Chinese. The Chinese have a large presence in northern Laos, where they are building roads connecting to China. In general, however, the Lao—with Vietnamese support—are holding the Chinese at arm's length.

North Vietnamese forces did most of the fighting on the communist side in Laos during the last two decades, and the North Vietnamese provided the Lao communist leadership its indoctrination and training. This history and the strength of

SECRET

SECRET

Vietnamese communist units still in Laos give Hanoi a major voice in Lao communist decisions.

It was doubtless with the encouragement and assistance of the Vietnamese that the Lao invited several hundred Soviet technicians to Laos last year. Peking presumably regards the introduction of this Soviet presence into Laos as confirmation of its darker suspicions of Hanoi's position in the Sino-Soviet competition.

#### Prospects

With the formal completion of the unification process in the next month or so, the Vietnamese probably will adopt a more active foreign policy. They will insist on an influential voice in Southeast Asian affairs and will work to expand political and economic contacts with the noncommunist world to reduce their dependence on the USSR and China.

In their relations with Thailand and other neighboring countries, the Vietnamese will probably continue to subordinate revolutionary rhetoric to appeals for cooperative relations. Hanoi,

however, will continue to insist that friendly relations cannot be achieved as long as US military personnel and bases are allowed to remain in these countries.

The Vietnamese almost certainly will attempt to influence their neighbors, particularly Thailand, by keeping open the option of increasing support to local "revolutionary movements."

Hanoi's priority domestic goals, however, will impose sharp restraints on its ability to pursue expansionist policies or to translate military prestige into effective political influence in Southeast Asia. At least for the next few years, Vietnam will need to import about \$1.3 billion annually in industrial machinery, raw materials, fuels and food, and it will require foreign assistance to cover an annual trade deficit of about \$1 billion.

These urgent economic requirements will oblige the Vietnamese to maintain heavy reliance on the USSR, Eastern Europe, and China, who for now appear willing to foot most of the bill. Hanoi, however, is also seeking financial assistance from the noncommunist world

and is expanding commercial relations with developed countries. The Vietnamese leaders are well aware that a policy of confrontation with their neighbors would jeopardize their prospects for securing additional foreign assistance.

Hanoi's long-term political and economic interests probably will encourage it to hold the door open for an eventual normalization of relations with the US. The Vietnamese, however, are determined to drive a hard bargain. They will continue to make the provision of further information on Americans missing in action, the repatriation of American bodies, and the release of US citizens remaining in Vietnam contingent on US willingness to provide reconstruction assistance and to relax the US embargo on trade.

The Vietnamese have long insisted that the US must honor the "commitment" to provide aid to "heal the wounds of war" under the Paris Agreement of 1973, but they privately acknowledge they do not expect US aid or a normalization of relations soon.

*The Latin Americans' sense of their place in the world has been changing in recent years. Most of them, however, still accept a strong US role in the hemisphere and would respond positively to US initiatives for a more productive relationship.*

69-70

## Latin American Perceptions of the US

25X1

The search for national identity in Latin American countries has produced profound changes in the region over the past 15 years, changes which have been dictated by and at the same time fuel nationalist sentiment. Finding their own grievances and aspirations echoed throughout the underdeveloped world, the Latin Americans in the last three years have become more conscious of the rest of the world and have developed a new, sharper perception of their own place in it.

Their self-image and their definition of self-interest have altered, yet their fundamental view of the US remains almost the same.

The Latin Americans believe that the US possesses the power and wealth to help or to hurt the rest of the hemisphere. Their assessment of the US treatment of Latin America over the past few years is that Washington's interest in the area has waned. In their view, the US has repeatedly failed to deliver on promises and has put new obstacles in their path to economic development. Distrust of the

US has grown measurably.

The Latin Americans have accused the US of preoccupation with other areas, protectionism in commerce, punitive legislation, threats of retaliation for disagreement on international issues, and failures to reciprocate favors. They think the US has unilaterally changed the rules of hemispheric relations to their detriment, and they find the US unwilling to change international arrangements that they have come to perceive as serving only an exclusive club of wealthy nations. They believe the US is misjudging its own in-

SECRET

**SECRET**

terests by turning its back on Latin America.

Most seem to expect the divergence between the US and Latin America to be temporary, and it is clear that many want a more productive relationship. For now, however, the Latin Americans believe their most promising course is to maintain pressure on the US, wherever and however they can. Pursuing this course, they judge the impact of US actions on the hemisphere from a highly critical perspective.

**Reactions to US Leadership**

Common interests and ideology link groups of Latin American countries on certain issues, but it has become difficult to predict which countries will line up for or against the US on a particular issue. The Latin Americans are now responsive to a larger and more complex set of issues, countries, and blocs than they were a decade ago. They have come to devalue the importance of backing the US, which they find inconsistent in rewarding its friends or punishing its foes.

Political ideology works to keep certain governments allied unless some compelling practicality intrudes. Strongly anti-communist governments like those of Chile, Uruguay, Paraguay, Nicaragua, and Brazil worry about East-West antagonisms and the Marxist menace, and they tend to vote alike on such matters as the Cuban question. In contrast, the leftist ideologues—Peru, Guyana, and Jamaica—tilt somewhat toward a Cuban view of the capitalist world.

On international issues of significance to the US, Latin American support has steadily waned. Voting on those issues that test the drawing power of two sides—the “Zionism is racism” vote in the UN is an example—divides the Latin Americans according to no traditional pattern.

Many issues and developments, however, draw remarkably similar reactions from all Latin American governments. An examination of Latin American perspectives on several recent problems shows that Latin Americans hold tenaciously to the view that their

area holds a special, if neglected, interest for the US.

**US Problems**

Latin Americans unanimously judged the outcome of the long struggle in Indochina to be a major defeat for US policy. But almost all viewed the defeat as an aberration. Most Latin Americans were never able to comprehend the US expenditure of human and material resources on a large scale in that remote area. The strongly anti-communist minority wondered why the US drew back from using the full weight of its military strength.

The Indochina issue had almost no effect on the Latin American sense of the US security commitment in the hemisphere.

The experience has, however, affected the image of US strength, resolve, and judgment in the role of leader of the Western world. Many Latin Americans have had an exaggerated impression of US power, and their new appreciation for the limits of that power probably gives them a more realistic base for assessing US action.

US and Cuban responses to Angola brought more serious doubts about US will. Another communist victory, this time after a significant contribution from Havana, raised sharper questions about US reliability and judgment. The anti-communist governments that refused a year ago to vote with the majority on lifting OAS sanctions against Cuba feel smug about having trusted their own instincts rather than voting with the US.

These same governments are nervous, however, and feel vulnerable. They fear that a predatory USSR and Cuba are continuing on an aggressive path and that the US is not resisting the communist drive. Their bewilderment over US “generosity” toward the Soviets leads them to conclude that the US has been fooled by the notion of relaxing tensions between East and West.

Another set of countries, especially in the Caribbean, believes Washington was aligned on the same side as South Africa in the Angolan civil war, and that this is

further evidence of US hostility toward the Third World and black liberation.

Most Latin Americans are convinced that the US would react strongly to resist any communist threats to the Western Hemisphere. It would be difficult to find a politically conscious Latin American who does not believe that the US was responsible for the overthrow of the Allende regime in Chile. Whether they take comfort in it or deplore it, most continue to believe that the US will act paternalistically in its own sphere of influence. Their confidence in US protection has diminished, but not significantly.

**Diffusion of Authority in the US**

The role of the US Congress in limiting US action in Angola helped jell the random clues available to Latin American observers about the real autonomy of the branches of power in the US, and this new appreciation worries them. Latin Americans have been fascinated by Watergate, the intelligence investigations, and the foreign policy debates, though they remain baffled by much of this.

The internal divisions in the US translate for many Latin Americans as national disarray. They are accustomed to a near monopoly of executive power and are uneasy about Congress’ successful challenges of the US presidency.

**The Big Stick**

US internal divisions and problems overseas would mean little in Latin America if the hemispheric relationship were prospering. But there is growing opinion that the US has moved into a hostile position toward Latin American development.

References to a new big stick policy have multiplied in the year and a half since the signing of the trade act—with its “retaliatory provisions” against OPEC members Ecuador and Venezuela. The Latin Americans say they see threats and intimidation in US arguments and warnings at the UN and other international forums, in US official reactions to national voting patterns in these forums, and in the US accordance of special consideration for the other giant of the hemisphere, Brazil.

**SECRET**

**SECRET**

Increasingly, the Latin Americans believe the "hard-line" positions they see in US policy and disbelieve the "rhetoric" of cooperation. Latin American bitterness has grown as the relationship has turned more clearly on a series of differences on trade, investment, and military support.

Even so, the Latin Americans displayed a willingness to work with the US to make a new start toward a productive relationship. They responded enthusiastically in 1974 to the offer of a new dialogue. The derailment of that effort badly embarrassed the foreign ministers who had most effusively backed it and left new wounds that have not yet fully healed.

The cautious and skeptical reception given Secretary Kissinger by political pundits during his visit to Latin America this year indicates that the Latins intend to keep their guard up. They seem to be awaiting strong evidence of interest and sympathy from the US before they take its pledges at face value.

#### **Solidarity and Relations with the US**

The ideal of Latin American unity, which arises from several sources, works sometimes to nurture and sometimes to damage relations with the US. The

traditional version of pan-American solidarity continues to be the preferred option for most of the governments even though much in the recent history of the Organization of American States testifies to the perversion of that tradition. Despite the recurrent use of inter-American forums as arenas for political gang action against the US, however, pan-Americanism retains a durable core.

The Latin Americans feel less and less compunction about giving offense to the US; indeed, several governments nurture their own sense of independence by opposing or challenging the US on many issues. Yet it remains dogma that when the chips are down on issues of survival, they must inexorably line up with the US.

With only a few exceptions, the Latin American governments want a cordial and cooperative link with the US and hope that changed attitudes in the US will eventually make Washington more sympathetically inclined toward them.

#### **A Special Relationship**

The notion of the Western Hemisphere as a sphere of US interest is so ingrained in Latin American thinking about the US that it amounts to an inter-American doctrine with a life of its own. The concept of

a special relationship is very much alive even in the current climate of skepticism and discouragement with US policy. Latin American attitudes toward the US have traditionally been marked by ambivalence, and they remain equivocal. The current accent is on resentment rather than respect, and resentment will remain in the mix of the Latin Americans' perspectives so long as their sense of dependence on the US prevails.

Despite their strong desire for independence and notwithstanding the value they place on having found new political and economic partners throughout the international community, the Latin Americans still consider close alignment with "their superpower" as natural. The current "unnatural" state of the relationship alarms them sufficiently that their characterization of it as a crisis is not hyperbole to them.

Most Latin American governments are ready and even anxious to respond favorably to US policies that meet their needs but preserve their pride in the inevitably asymmetrical relationship between the US and a relatively powerless Latin America.

25X1

25X1

*South Africa's program for Namibia—the development of separate, autonomous "homelands" for the territory's nine tribal groups while preserving Pretoria's economic interests there—faces serious challenges from within as well as outside Namibia.*

71-98

## **Namibia: Pretoria's Control to Be Tested**

25X1

Recent developments in southern Africa augur a hard testing of South Africa's scheme for yielding formal control of Namibia (South-West Africa) while preserving Pretoria's important economic and strategic interests.

South Africa's military intervention in the recent Angolan civil war—using northern Namibia as a staging area—has sharply intensified black African opposition to South African control of Namibia, a one-time German colony mandated to Pretoria by the League of

Nations in 1920.

#### **Troops Withdrawn**

The specter of an early clash between South Africa's armed forces and Cuban troops supporting Agostinho Neto's regime in Angola was dispelled last month when the last South African troops were

**SECRET**

**SECRET**

withdrawn from southern Angola.

Pretoria remains concerned about Neto's declared backing for the Namibian insurgents who are trying to extend their guerrilla forays from southern Angola. Last week a band of terrorists ambushed a small South African force on patrol in northern Namibia near the Angolan border.

Actual support for cross-border operations, however, will probably be tempered by the Angolans' economic needs as well as their fear of reprisal from the South African forces poised along the Namibian side of the border.

Pan-African and communist support for Namibian insurgency is likely to build, however, as the South Africans try to maintain their present advantages in the territory.

#### **The UN Position**

Namibia has long been an object of sterile contention between South Africa and the United Nations, which from its earliest days has differed with Pretoria over South Africa's obligations regarding the territory.

In 1966, the UN General Assembly voted to terminate the South African mandate and to assume direct responsibility for the territory. Subsequently, the General Assembly renamed the territory Namibia (after the Namib Desert), established a UN Council for Namibia to prepare the inhabitants for independence, and repeatedly demanded that Pretoria relinquish control to the council.

Pretoria, for its part, has acknowledged the special international status of the territory but rebuffed all UN assertions of control. In practice, the South Africans have administered the territory virtually as a province.

South Africans regard Namibia as a

substantial economic asset as well as a buffer shielding South Africa from potential enemies to the north. By 1966, when Pretoria ceased publishing separate trade statistics for Namibia, South Africa was deriving some \$250 million in foreign exchange earnings from the territory's mineral, fish, and agricultural exports.

South African private investment in the territory amounts to at least \$550 million, and South Africans own some 70 percent of the important mining industry. Although diamonds are the principal product, the territory also exports significant quantities of uranium, copper, lead, zinc, and tin. Its uranium resources, still being explored, are extensive.

#### **Separate Development in Namibia**

The population of Namibia—roughly 900,000—contains white and mulatto settler groups and nine indigenous tribes that vary widely in numbers, cultural characteristics, and capabilities for autonomous existence.

Since the mid-1960s, Pretoria has systematically extended to Namibia the policy of ethnic "separate development" that the ruling National Party previously adopted in South Africa proper. The demarcation of separate geographic sectors for most of the ethnic groups, as well as the fostering of more or less autonomous governmental units for each group, has tended to maintain not only the traditional cultural divisions but also the extreme disparities in economic conditions.

Although the whites make up only about 12 percent of the population, the area of Namibia that is reserved for them includes much of the better grazing land as well as most of the known mineral deposits. On the other hand, Ovamboland, the area along the Angola border allotted to the Ovambo tribe, which includes almost half of the territory's population, is more fertile than most of the tribal homelands, but is inadequate for the expanding Ovambo population.

Some of the smaller nomadic tribes have been restricted to "homelands" that are virtually barren. Consequently, the indigenous tribesmen have tended to work

in the mines, where the contract labor system keeps them in the lowest paid jobs.

#### **The Insurgents**

Among Namibians, the most articulate opposition to separate development has come from the South-West African People's Organization. This predominantly Ovambo group wants Namibian independence under a unified, popularly elected government. South African administrators have countered SWAPO's activities with suppressive tactics short of outright banning, and the group's most prominent leaders have been in exile for years.

Largely as a result of its persistent international lobbying, SWAPO is the only Namibian nationalist group recognized by the UN or the Organization of African Unity. In 1973, its youth wing organized a highly effective boycott of the election for the Ovamboland Legislative Council—the first popular election held in Namibia. To offset the fiasco, South African administrators held a new election in Ovamboland in January 1975 in which they achieved a 55-percent turnout of eligible voters.

The exiled SWAPO leaders have advocated violent revolt against the South African administration and maintained a small guerrilla force in Zambia. SWAPO has apparently never had more than a few hundred active guerrillas or carried out more than small-scale raids inside Namibia. Nor does it seem likely that the surge of SWAPO influence in Ovamboland during 1973 is attributable to the exiled leaders; their ties with the leaders of the youth wing appear tenuous.

#### **Little Foreign Help**

Foreign backing for SWAPO, aside from rhetoric, has been limited

Since the overthrow of the conservative regime in Portugal in 1974, South African

25X1

25X1

**SECRET**





SECRET

OCI



SWAPO President Sam Nujoma

officials have been worried that the new situation in Angola might lead to a sharp increase in SWAPO insurgent capabilities. Several recent developments suggest that SWAPO insurgency is indeed assuming new importance.

Since mid-1974, when Portuguese border patrols ceased apprehending refugees from Namibia, at least 3,000 Ovambos have fled through southern Angola to Zambia, where they now live in refugee camps. There is no indication that significant numbers of the refugees have joined the SWAPO guerrillas, but a large portion are youths who would be likely recruits in the event that foreign backing for a SWAPO buildup materialized.

At least some of the SWAPO guerrillas who were based in Zambia are now in southern Angola. South African authorities have blamed SWAPO intruders for a series of small-scale terrorist attacks in northern Namibia since last September, including the killings of an Ovambo chief and several whites. Most of the attacks clearly were carried out by well-trained guerrillas who managed to get through the newly reinforced border defense.

#### Constitutional Conference

By mid-1974, the South African government had apparently reached a decision to revise its strategy for Namibia. In September of that year, leaders of the white settlers in Namibia, at Prime Minister Vorster's behest, called for multiracial talks on the future of the territory and urged each of the non-white ethnic groups to choose truly representative spokesmen for the talks.

In May 1975, the South African foreign minister informed the UN secretary general that the delegates would be free to choose any form of government for Namibia—including independence for the whole territory as a unified state.

The delegates were ultimately chosen indirectly by the existing legislative or advisory bodies of each ethnic group, and a large portion are old-line tribal leaders who usually have gone along with South African tutelage.

Vorster seems to be gambling that such

a body will endorse Pretoria's apparent goal of a loose federal system that would maintain white control of the territory's principal resources. Until recently most spokesmen for the smaller tribes have expressed fears that a unified, popularly elected government would be dominated by the Ovambos.

#### Three-Year Target

When the conference convened last September, it adopted a declaration of intent that set a three-year target for devising a constitution that is to guarantee every ethnic group considerable say in its own affairs.

The non-white delegates have shown more solidarity than the South Africans anticipated—possibly as a result of working together in inter-ethnic committees that were set up in November to consider various social and economic measures.

Last month a brief plenary session adopted resolutions calling for equal educational opportunities for all ethnic groups and equal pay for equal work.

The session also set up a drafting committee whose members appear to be a fairly even mix of delegates who want a loose federal system and those favoring a unitary state.

The trend of sentiment toward a unitary state may be attributable to a caucus of delegates from the smaller indigenous tribes and the mulatto groups. These delegates are considering constitutional devices that they believe would offset the numerical superiority of the Ovambos by fostering solidarity among the smaller non-white groups.

The caucus is also advocating that various non-white political parties—including SWAPO—be represented in future sessions of the conference. Such proposals may be pushed to a vote at the next plenary session in June. Vorster may then have to decide whether to accept revisions of his scenario that would be unpalatable to the white settlers—mostly South African citizens—or to forfeit what may be a last opportunity to gain non-white support for a peaceable phasing out of the South African administration.

25X1

SECRET

SECRET

*The informal alliance of Arabs and black Africans was highlighted last week with the conference of more than 50 Arab and African foreign ministers. Both sides see advantages in the relationship, but there are some strains, and the Arabs cannot count on automatic African support for their initiatives.*

79-82

## African-Arab Cooperation

25X1

[redacted]  
The conference of Arab and African foreign ministers in Dakar, Senegal, last week brought together for the first time the overlapping memberships of the Arab League and the Organization of African Unity. The meeting was an outgrowth of the new cooperative relationship between black Africa and the Arab world that crystallized during and after the Middle East war in 1973.

Israel's diplomatic presence south of the Sahara was all but erased at that time as black African states severed ties with Tel Aviv in a display of solidarity with the Arabs.

The Afro-Arab relationship rests on a trade-off of support on Middle East and southern African issues at the UN and other international gatherings and on a common interest in restructuring the world economic order for the benefit of the developing countries. Cooperation gives both groups a stronger hand in third-world politics and gives the Third World greater cohesion and hence greater strength in international forums.

The relationship shows some signs of fraying. The Africans feel they have not received adequate economic compensation for the support they have given the Arab cause since 1973. This sense of being let down, coupled with often heavy-handed Arab efforts further to expand their influence on the continent, has stirred growing resentment and complaints, especially among those African states that were the

most reluctant to sever ties with Israel.

Even in the best of circumstances, the Afro-Arab relationship is complicated by strong anti-Arab feeling in many parts of black Africa. The feeling stems from memories of Arab slave traders and the only thinly veiled racism of many modern Arabs.

Despite their frustration, many Africans concede their long-term interest lies in continued cooperation since only the Arab oil producers can offer them the hope of substantial aid for development and relief from the oil price squeeze. So far, Arab aid is estimated to have offset less than one fourth of the increased cost of oil imports to nonproducing OAU members.

The foreign ministers' conference was proposed some time ago by Arab leaders in an effort to initiate a new dialogue with the Africans aimed at bolstering cooperation. A total of 57 foreign ministers attended the conference. Only Guinea and Angola were absent because of their political differences with Senegal.

Few details of the four-day closed meeting are yet available, but differences apparently prevented publication of a final communique. The conferees did agree on a draft charter outlining a program of action for future Afro-Arab cooperation.

The delegates failed to arrange the Afro-Arab summit that will be required to ratify the charter, leaving this matter to be worked out by the secretariats of the

Arab League and the OAU. It appears that a summit will not convene before early next year.

25X1

[redacted]  
The compromise version is said to parallel closely one originally offered by the OAU. It calls for mutual respect for sovereignty, for institutional links between the OAU and Arab League, and for expanded political, cultural, and, particularly, economic cooperation.

25X1

[redacted]  
The Africans have unrealistic hopes that the charter will commit the Arab side to undertake more generous aid and investment programs in black Africa in return for stronger African support for the Arab cause in the Middle East.

25X1  
25X1

### Arab Aid Institutions

Apparently the Arabs made no new financial commitments at the Dakar meeting nor was there formal discussion of the three aid institutions established under Arab League auspices after the October 1973 war:

- A \$200-million revolving fund that provides long-term, easy credit loans to help African countries pay their increased oil import bills.
- A Khartoum-based bank for African development that makes non-concessional loans; it is capitalized at less than half its projected level of \$500 million.

SECRET

SECRET



*Delegates arrive for the opening of the Dakar conference*

AP

- A \$25-million technical assistance fund that still is not operational.

The Africans have been trying for two years to gain a voice in the administration of these institutions and a far larger financial commitment for them. The Arabs have liberalized their terms for oil loans and increased the capitalization of the other two institutions to present levels. They are unlikely to accept African suggestions that a large part of Arab multilateral aid be administered by the African Development Bank in Abidjan, a predominantly black African institution serving OAU members.

The meeting apparently avoided formal discussion of current Middle East and southern African political issues. The Arab conferees did make a token response

to a request from Mozambique for special assistance to help compensate the Machel government for its application of economic sanctions against Rhodesia. Mozambique was provided a \$6-million, low-interest loan from the Arabs' revolving oil-loan fund.

Cracks in Afro-Arab solidarity have put the Arabs on notice not to expect automatic African support for their initiatives, particularly for those involving Israel. Arab militants did not try this time to drum up support for excluding Israel from the UN.

Last year, the Arabs failed to gain general African endorsement for this proposal either at the Kampala OAU summit or the Lima nonaligned conference. Seventeen African countries

voted against or abstained last year on the resolution that equated Zionism with racism.

The draft charter on Afro-Arab cooperation does contain a routine condemnation of Zionism along with apartheid, imperialism, colonialism, and "all other forms of racial and religious discrimination."

#### Israeli Prospects in Africa

Although the Israelis escaped formal condemnation at the Dakar conference, it is clear that South African Prime Minister Vorster's visit to Israel and the suspicions it has aroused in black Africa

25X1

SECRET

SECRET

25X1

25X1

25X1

have had a negative impact on some of  
Tel Aviv's former friends there.

varying degrees of interest in renewing  
diplomatic relations with Israel, few have  
pursued the idea seriously, and none has  
been willing to take the lead. Tel Aviv  
now has diplomatic relations with only  
four black African states—Lesotho,  
Swaziland, Malawi, and Mauritius. Israel  
has diplomatic interest sections in third  
country embassies in several others.

Although several African governments  
over the past two years have expressed

25X1

*The next phase in the dialogue between the developing and  
the industrial states opens on May 5 in Nairobi. The at-  
mosphere generated there will have an effect on other  
North-South economic discussions, including the Conference  
on International Economic Cooperation in Paris.*

83-84

## UNCTAD: Fourth Session to Convene

25X1

The atmosphere generated at the 4th  
UN Conference on Trade and Develop-  
ment in Nairobi from May 5 to 28 will be  
more important than any specific  
decisions the conference may reach.

Many of the developing states have ex-  
plicitly linked the acceptance of their  
demands to the future of negotiations in  
other forums. Despite this linkage, the  
developing states are not likely to break  
off the talks at the Paris Conference on  
International Economic Cooperation un-  
der any but the most negative cir-  
cumstances. The developing countries'  
spirit of accommodation at Paris, in the  
UN, and at the GATT multilateral trade  
negotiations will be affected, however, by  
the outcome of the Nairobi conference.

Some observers

fear

that Nairobi will degenerate into a  
propaganda attack against the in-  
dustrialized states. On balance, however,  
the session will probably maintain the  
generally conciliatory tone set at last fall's  
UN special session. Their limited  
bargaining strength, and the concern of  
many developing states that an un-  
successful conference could threaten their  
future unity, will probably lead the  
developing states grudgingly to accept  
even limited progress at UNCTAD.  
Unresolved issues would then be taken up  
in other, more limited forums, even  
though the developing states prefer the  
North-South dialogue in UN bodies where  
they have the advantage of numbers.

### Preparations by Developing States

For most developing countries,  
UNCTAD represents the near-term  
culmination of their efforts to achieve

economic independence that began  
with decolonization and were in-  
stitutionalized in the first UNCTAD con-  
ference in 1964. Most of these states  
believe the industrialized countries began  
to take their demands seriously only after  
effects of the OPEC oil embargo were felt  
in 1974.

The developing countries are divided by  
regional, political, economic, and racial  
factors, but all of them largely share a  
conviction that low levels of development  
are due to past exploitation and can be  
overcome only by persistent opposition to  
efforts of the industrialized states to  
perpetuate discriminatory trade and  
financial structures. This view, codified in  
a series of demands for a "new inter-  
national economic order," found expres-  
sion most recently in the documents of the  
Group of 77 ministerial meeting in

25X1

25X1

SECRET

**SECRET**

Manila last January. The Group of 77 is composed of the 110 developing states that are members of the UN.

Most developing states recognize that their unity in economic negotiations remains their major bargaining strength; they will go to considerable lengths to maintain that unity. Weaknesses in the facade, however, are evident in private caucuses such as the Manila meeting.

The most contentious issue for the developing countries in Manila was about commodities—specifically over the proposal to create an “integrated program.” This program, developed by the UNCTAD secretariat, remains the cornerstone of developing country policy for the Nairobi meetings and will be the main bone of contention with the industrialized states.

The program addresses the assertion that developing states cannot plan their development because revenues from their exports of raw materials are uncertain. The integrated program calls for a \$3-billion common fund—primarily to come from industrialized states—to help support prices for 18 different raw materials through the use of buffer stocks. The program also calls for an expansion of existing mechanisms that provide compensation to developing states whose earnings from exports of raw materials decline.

The splits at Manila were largely along regional lines—primarily between Africans and Latin Americans. Argument focused on differences over which products should be covered by the integrated program and over the preferred access some developing states now enjoy in developed country markets. The Latin Americans believed the list of commodities covered items only of interest to African states; they also opposed a proposal to cancel existing commodity agreements because this would call into question a separate commodity pact for coffee.

African states opposed a call for universal nondiscrimination in trade because they do not want to give up the preferential treatment granted them by the European Community under the Lome agree-

ment. The Latin Americans argued with some justification that such treatment creates special-interest blocs among the developing states.

Another point of contention among the developing states will be important in the discussions in Nairobi—the issue of debt burdens. Some developing states, primarily African and Asian, have been supporting a call for an international conference to consider a debt moratorium or a broad rescheduling of repayments. These states are opposed by the Latin Americans who fear their own relatively favorable credit standing would be jeopardized in such a move. The Group of 77 did agree to call for special measures to aid the poorest developing states, which face especially heavy debt burdens.

The developing states are likely at Nairobi to press for restructuring UNCTAD to increase its influence in the UN system. The developing states would like to see UNCTAD become the primary forum for economic talks between industrialized and developing states. The developing states recognize, however, that trying to make UNCTAD a specialized agency of the UN—rather than letting it remain an organ of the General Assembly—could diminish rather than increase the conference's value to them.

#### **Industrialized States**

The industrialized states have, in large part, been reacting to policies advocated by the developing countries rather than presenting their own program and have had less success in forging even the appearance of a common policy. Most of these states recognize the need for some compromise in order to maintain the dialogue but are unwilling to agree to potentially expensive, open-ended agreements.

Japan, as well as the members of the EC, who have yet to agree on a common policy among themselves, have been looking for US initiatives at Nairobi. At the same time, they are concerned that the US may again appear to be leading the industrialized countries, as it did during the special session of the UN General Assembly last September. At that session

both the Europeans and the Japanese resented the appearance of being followers rather than fully consulted partners.

Most EC members might go along with US proposals they believe the developing states would consider favorably. The EC Nine are anxious that the Community itself earn credit among the developing states, and the Nine might agree to some concessions only to show that they too can be “generous.” The EC meets on May 3 and 4 to complete preparations for UNCTAD. If no common policy is arrived at, as seems likely, most EC members will present their own views. This would not only undermine the EC's negotiating position but also weaken the stand of the industrialized nations as a whole.

The Japanese are mainly concerned that they not appear unsympathetic to the demands of the developing states. Conflicts within the government, however, will make it impossible for Tokyo to do anything but line up with the more conservative developed countries. Any Japanese concessions will be aimed at improving Tokyo's relations with major suppliers of raw materials, but will avoid getting the Japanese involved in broad commodity agreements.

Almost all of the industrialized countries—but not the Dutch and Scandinavians—will resist the full range of developing country demands at Nairobi. On raw materials, most of the industrialized states may well agree to an overall statement to permit a study of buffer stocks for a number of commodities, but will not accept the proposed common fund. The industrialized states are united in opposition to a debt moratorium, but most of them would support a conference on general debt problems.

The industrialized states will also oppose a legally binding code for the transfer of technology and a restructuring of UNCTAD. They will reject the contentions of the developing countries that insufficient attention has been paid to their problems in the GATT multilateral trade negotiations.

25X1

**SECRET**

**Page Denied**

**Secret**

**Secret**